

RESOLUTION NO. 20-023

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE PURCHASE OF ENVIRONMENTAL INSURANCE FOR THE NEW CITY YARD PROPERTY LOCATED AT 18620 SOUTH BROADWAY & 18601 SOUTH MAIN STREET IN THE CITY OF CARSON

WHEREAS, the City of Carson ("City") has owned and operated that certain real property located at located at 2390/2400 E. Dominguez St. (APN 7316-026-900) ("City Property") as its City Yard for over 40 years; and

WHEREAS, Prologis Targeted U.S. Logistics Fund, LP ("Prologis") owns that certain real property located at 18620 South Broadway & 18601 South Main Street, in the City of Carson (APN 7339-013-024) ("Prologis Property"); and

WHEREAS, the City and Prologis agreed to exchange the Prologis Property for the City Property upon certain terms and conditions as set forth in an "Exchange Agreement under Threat of Condemnation and Joint Escrow Instructions" ("Exchange Agreement"), which was approved by the City Council during its June 18, 2019 Council meeting; and

WHEREAS, both the City Property and Prologis Property were appraised, with the appraisals determining that the fair market value of the City Property is \$25,824,000 and the fair market value of the Prologis Property is \$15,624,000, with the net difference being \$10,200,000, which will be due to City, subject to offset for a split of the costs of construction of improvements to the Prologis Property as discussed below; and

WHEREAS, the City's primary objective in pursuing the Exchange Agreement is to acquire the Prologis Property for City's future use as its new Corporate Yard, once Prologis completes certain improvements to existing building(s) on the Prologis Property as required pursuant to the Exchange Agreement (the "Improvements"); and

WHEREAS, the transaction is currently in Escrow, and the Exchange Agreement provides for the Escrow to close 45 days after substantial completion of the Improvements (the "Closing"); and

WHEREAS, the parties each retained environmental consultants to review the Phase I and II environmental reports and to investigate the respective properties. With respect to the Prologis Property, Prologis' environmental consultant, Partner Engineering and Science, Inc. ("Partner") issued a report, which was peer reviewed by the City's environmental consultant, Anderson Environmental/EFI Global ("EFI") indicating that there are no major environmental concerns on either the City Property or the Prologis Property. Partner and EFI have issued reliance letters for the report on the Prologis Property in favor of the City, each of which is supported by \$5M in professional errors and omissions insurance; and

WHEREAS, as an additional layer of protection against any environmental concerns regarding the Prologis Property, the parties agreed to a condition precedent to Prologis' obligations in Section 9.1(i) of the Exchange Agreement to the effect that City shall provide Prologis with evidence of having obtained an environmental insurance policy in favor of the City (or the Carson Reclamation Authority, if applicable), which insurance shall be effective as of the Closing; and

WHEREAS, the valuation of the City property in the Exchange Agreement, as referenced above, included an additional \$200,000, which Prologis agreed to include in the valuation as a means to pay for the costs of City purchasing the aforementioned insurance policy by increasing the net amount payable to the City under the Exchange Agreement by \$200,000; and

WHEREAS, to procure the environmental insurance as required pursuant to Section 9.1(i) of the Exchange Agreement, City has obtained the quote attached hereto as Exhibit "A," for pollution legal liability insurance from Allied World Assurance Company; and

WHEREAS, the City Council sees fit to approve the purchase of the aforementioned insurance coverage, at Prologis' expense, in accordance with the Exchange Agreement.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct, and are incorporated herein as findings of fact.

SECTION 2. The City Council hereby approves the purchase of pollution liability insurance coverage from Allied World Assurance Company on the terms set forth in the quote attached hereto as Exhibit "A" (the "Quote"). Notwithstanding the amount set forth in the Quote, the total approved premium, including surplus lines taxes and stamping fees, is \$153,352.06. In accordance with Section 9.1(i) of the Exchange Agreement, the insurance shall be in effect as of the Closing. The Carson Reclamation Authority shall be named as an additional insured on the policy. The City Manager, with appropriate consultation from the City Attorney, is hereby authorized to execute such documents as reasonably necessary to carry out the purchase of the insurance coverage as approved herein.

SECTION 3. This Resolution shall be effective immediately upon its adoption.

SECTION 4. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

[signatures on the following page]

PASSED, APPROVED and ADOPTED this 28th day of January, 2020.

Mayor Albert Robles

ATTEST:

Donesia Gause-Aldana, City Clerk

APPROVED AS TO FORM:

Sunny K. Soltani, City Attorney

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF CARSON)

I, Donesia Gause-Aldana, City Clerk of the City of Carson, California, do hereby certify that the whole number of members is five; that the foregoing resolution, being Resolution No. 20-023 was duly and regularly adopted by said City at a regular meeting duly and regularly held on the 28th day of January 2020, and that the same was passed and adopted by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

By: _____
 City Clerk



ALLIED WORLD ASSURANCE COMPANY

United Plaza, 30 South 17th Street, Suite 1600, Philadelphia, PA 19103
 Telephone: 267-800-1800 Fax: 267-800-1859

To: Brian Lu Cobbs Allen Capital, LLC 152 West 57 th Street New York, NY, 10019	Date: 12/30/2019 Brian.Lu@cacspecialty.com
From: Michael Checchio	Account #: 793294
Re: City of Carson – Scheduled Location Pollution Liability	

QUOTATION

Insured:	City of Carson
Address:	701 East Carson Street Carson, CA 90745

Insured Location Name	Insured Location Address
	2390, 2400 and 2410 E Dominguez St., Carson, CA 18620 S Broadway and 18601 S Main St., Carson, CA

Coverages

The following Coverages may be offered:

1. Pre-existing Conditions Coverage
2. New Conditions Coverage
3. Blanket Non-Owned Site Coverage
4. Blanket Transportation Coverage
5. Business Interruption Coverage

Option	Coverages	Each Incident Limit	Coverage Section Aggregate Limit	Policy Aggregate Limit	Deductible	Policy Term	Premium
1	1-5	\$10,000,000	\$10,000,000	\$10,000,000	\$250,000 72 hours – Cov 5	10 yr. pre ; 5 yr. new	\$148,525.00

Note: For multi-year policies a single aggregate limit applies to the entire policy term. Limits are not reinstated.

Insurer:	Allied World National Assurance Company (Non-admitted in CA)
Policy Form:	ENV-SPL2 00003 00 (09/14)
Premium Due Date:	30 Days from effective date of policy
Premium	See Options Above
Commission:	15% Included in the Premium above.
Retroactive Date:	Policy Inception
Quote Expiration Date:	1/30/2020
TRIA Amount :	2% Additional Premium – Based on the Coverage Option selected above.

Exhibit "A"

Endorsements:

1. ENV-IL 00002 (01/15) – Policyholder Disclosure Statement Under the Terrorism Risk Insurance Act
2. ENV-IL 00009 00 (02/15) – Conditional Exclusion of Terrorism (Relating to Disposition of Federal Terrorism Risk Insurance Act)
3. ENV-SPL2 00006 00 (09/14) – Additional Insured - Where Required by Written Contract
4. ENV-SPL2 00008 00 (06/19) – Asbestos and LBP - Inadvertent Disturbance
5. ENV-SPL2 00015 00 (05/15) – Aggregate and Maintenance Deductible Amounts
 - 3x -> \$50,000
6. ENV-SPL2 00023 00 (09/14) – Business Interruption - Contingent BI
7. ENV-SPL2 00039 00 (02/15) – Claim Expense (Partial) Outside of Limits
 - 25% (For Options 1 and 2 Only)
8. ENV-SPL2 MNSCPT – Institutional and Engineering Controls Exclusion with Exception for Bodily Injury and Property Damage Claims
 - *Subject to AWAC Legal Approval
9. ENV-SPL2 00071 00 (09/14) – Intentional Non-compliance Excl.
10. ENV-SPL2 00082 00 (09/14) – Limit Policy Provision to Specified Location(s)
 - ENV-SPL2 00163 00 (09/14) – Pre-existing Cond. Cov. - 3rd Party Claims
 - 18620 S Broadway and 18601 S Main St., Carson, CA
11. ENV-SPL2 MNSCPT – Material Change in Use – Intended Use
 - Industrial/Warehouse Use
 - *Subject to AWAC Legal Approval
12. ENV-SPL2 00113 00 (09/14) – Named Insured
 - Carson Reclamation Authority
 - TBD
13. ENV-SPL2 00163 00 (09/14) – Pre-existing Cond. Cov. - 3rd Party Claims
 - *See ENV-SPL2 00082 00 (09/14) – Limit Policy Provision to Specified Location(s)
14. ENV-SPL2 00181 00 (09/14) – Schedule of Insured Contract(s)
15. ENV-SPL2 00182 00 (11/17) – Scheduled Location Coverages, Limits and Deductible
 - 2390, 2400 and 2410 E Dominguez St., Carson, CA
 - Coverage 1 Only
 - Retro Date – TBD – Date of Sale of Land Swap Agreement
16. ENV-SPL2 00186 00 (09/14) – Split Policy Term
 - 10 Years Pre ; 5 Years New
17. ENV-SPL2 00187 00 (12/14) – Strategic Response Coverage Extension
18. ENV-SPL2 00199 00 (09/14) – Transportation - Scheduled Location
19. ENV-SPL2 00200 00 (09/14) – Transportation - Transportation Date
 - n/a
20. ENV-SPL2 00223 00 (09/14) – Waiver of Subrogation Where Required by Contract
21. IL 00017 04 (11/08) – California - Suits Involving a Surplus Lines Broker - Remedies
22. ENV-SPL2 MNSCPT – Separation of Insureds Amendatory Endorsement
23. ENV-SPL2 MNSCPT – Multi Year Policy Term – Minimum Earned Premium and Cancellation
 - 25% MEP at Inception; 50% at First Anniversary; 100% at Second Anniversary
24. ENV-SPL2 MNSCPT – Insured Contract Definition Endorsement
25. ENV-SPL2 MNSCPT – Independent Counsel
26. ENV-SPL2 MNSCPT – Notice of Possible Claim Amendatory Endorsement

Subjectivities**Quotation subject to Insurer's receipt, review and acceptance of:**

1. Surplus Lines Affidavit
2. Completed and Signed Allied World Application
3. Completed and Signed TRIA Disclosure Statement
4. Insured or Risk Manager Contact Information (name, phone and email address)

Please email ALL subjectivities to Michael.Checchio@awac.com

VALUE ADDED

The following are available at no additional charge to Allied World Environmental policyholders.

24/7 Environmental Helpline - Provides timely answers to policyholder questions regarding Environmental Health & Safety issues, regulatory matters and industry best practices affecting their day to day business. The service is offered through a strategic relationship with Hydro-Environmental Technologies, a highly regarded, multi-disciplinary and full-service Environmental, Health & Safety and risk management consulting company.

Strategic Response - Policyholders receive access to a toll-free crisis hotline which connects insureds to professional crisis management resources in the event of a catastrophe. Coverage for Strategic Response Costs up to \$250,000 outside policy limits and Strategic Management Loss up to \$50,000 outside of policy limits is also provided.

SURPLUS LINES DISCLOSURE

This quotation is being offered on a surplus lines basis. The premiums quoted herein do not include any applicable taxes and fees. As the producing broker, it will be your responsibility to comply with all regulatory requirements, including the filing, collection and payment of all applicable Surplus Lines Taxes and Stamping Fees should a policy be issued. You will be required to complete and return the attached Surplus Lines Affidavit prior to the release of the binder.

TERMS AND CONDITIONS

Terms and conditions that are not specifically identified in this quote are not included. This quote is strictly conditioned upon satisfaction of all subjectivities noted above and there being no material change in the risk, including a submission being made to the insurer of a claim or circumstance that might give rise to a claim, between the date of this quote and the policy inception date. If a subjectivity is not satisfied, or our review of the information provided identifies a material risk or condition, or in the event of such a change in risk, the insurer may, in its sole discretion, amend or withdraw this quote.

All other terms and conditions as per Allied World's Policy Form and any applicable endorsements referenced herein.

Thank you for choosing Allied World Environmental – ***Sustaining Policyholders. Reducing Risk.***

This Quote is authorized by Louis Iglesias.

